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Tangedco's SMS alert scheme for power cuts on track

The Hindu: July 13, 2017

The Tamil Nadu Generation and Distribution Corporation (Tangedco) has sent more than 42 lakh text messages alerting the consumers about scheduled power cuts throughout the State. The SMS facility was launched by Electricity Minister P. Thangamani on June 12 last month under the '*Minsara Nanban'* programme.

A senior official of Tangedco said a total of 42,04,963 SMSes have been sent to mobile phones of consumers since the facility was inaugurated in the State.

Giving a break up of 42 lakh messages, the official said 12,19,236 messages were send to consumers living in urban centres, 21,51,947 messages to consumers registered under rural feeders and 8,33,780 consumers linked to mixed feeders serving both rural and urban feeders.

The senior official said under the 'Minsara Nanban' scheme mobile numbers of 1.60 crore consumers out of 1.95 crore domestic consumers have been uploaded and areas segregated according to the feeders linked to a particular area for sending the SMS.

In Chennai city alone, Tangedco has more than 60 lakh consumers.

As part of constantly updating the mobile numbers Tangedco has instructed the senior officials of the rank of Executive Engineers of each circle to complete 100% consumer indexing and mobile number update at the earliest.

A senior official of Tangedco said emails have been sent to all the circles by Superintending Engineers regarding consumer indexing and updating of mobile numbers for intimating scheduled power shutdown under the Minsara Nanban (Urja Mitra) scheme.

He said: "The officials have also been asked to undertake correction of consumer details properly and if any complaint arises regarding non-receipt of the message by consumers of concerned area where power shutdown happens it would be viewed seriously."

States stalling nuclear plants should not be eligible for power from them, says Goyal

The Hindu : July 11, 2017

'The T. N. govt. has requested maximum allocation of power to State from Kudankulam units 3 and 4'

Union Power Minister Piyush Goyal on Monday said that any State which does not allow nuclear plants to operate should not be eligible to obtain nuclear power from another State.

The Minister was in the city to hold review meetings with Chief Minister Edappadi K. Palaniswami and State Electricity Minister P. Thangamani. Addressing mediapersons at the Secretariat, he said that the Tamil Nadu government had requested that maximum power from Kudankulam units 3 and 4 be allotted to the State.

“I’m quite in favour of that and we are drawing up a new power allotment formula, under which we would try and extend maximum power from the Kudankulam units 3 and 4 to Tamil Nadu,” he said.

The locals have been protesting against the Kudankulam power plant since the beginning, and there is still a certain degree of opposition to new units being set up. But despite that, the expansion plan is on, with support from the State government.

Mr. Goyal said that the losses [of Tangedco] in Tamil Nadu have fallen from Rs. 14,000 crore to Rs. 3,000 crore in the last three years. “UDAY [Ujwal DISCOM Assurance Yojana] has made T.N. a power surplus State. In the days to come, Tangedco [Tamil Nadu Generation and Distribution Corporation] and Tantransco [Tamil Nadu Transmission Corporation Limited] should start making profits,” he said.

Touts GST

The Minister expressed hope that the State would make huge savings, thanks to the Goods and Services Tax (GST) and the reduction of the cess on coal, by which Neyveli Lignite Corporation alone will reduce its costs by Rs. 508 crore. This would lead to savings of about Rs. 1,000 crore for Tamil Nadu, he said.

“In three years, the Modi-led Centre has doubled the transmission capacity to the southern grid. In the next three to four years, the transmission capacity would be expanded by 300%. Compared to 3,450 MW in 2014, there will be 18,000 MW transmission capacity to south India by 2020,” he said.

Tangedco’s losses have fallen from Rs. 14,000 crore to Rs. 3,000 crore in the last three yearsPiyush GoyalUnion Minister

Tangedco evacuates 5,079MW of wind power, sets national record

Times of India : July 12, 2017

Tangedco at 7pm on Monday evacuated 5,079MW of wind power, a new record in wind power evacuation in Tamil Nadu and India. It was a two hour sustained supply of over 5,000MW on Monday.

For nearly 3 hours, Tangedco put 3 thermal units with a total capacity of 1,020MW on stand-by mode and also advised other power sources to operate at 50% of their capacity. "We were thrilled on Monday evening when the wind power generation started increasing. Immediately, we put private thermal units on standby and evacuated wind power to the maximum," a senior Tangedco official told TOI.

The previous record in Tangedco's wind energy evacuation was 4,600MW. "On May 31 this year, we evacuated 4,600MW of wind power; the total wind power consumption on that day was around 99.46 million units," said the official.

The total power demand for Tamil Nadu on Monday evening was less than 14,000MW, thus more than one-third of the total power supply in Tamil Nadu was met by wind energy.

This year the average wind power evacuation in Tamil Nadu has increased to nearly 3,500MW per day. Wind power evacuation has been better in recent years due to better forecast. Compared to a few previous years, wind power generation increased by nearly 1,000MW this year. In 2016, wind power generation picked up in April when the total evacuation touched 1,848MW. But in 2015, due to heavy rain in May, the wind power evacuation touched only 22MW in mid May.

"The cost of wind power is lower compared to other power sources and due to better wind power evacuation, we save several crores on purchase of power," said the official. Tangedco

is ready to sell wind power to other states. "It is only to make wind power available for other states that we sought a separate corridor from Union power minister Piyush Goyal during his recent visit to Chennai," said the official.

TNEB signs up for 1,500MW solar power at Rs 3.47 per unit

Times of India : July 7, 2017

Sixteen solar power companies which bid for 1,500MW in TN have accepted Rs 3.47 as tariff per unit. When the price bids were opened on June 30, the lowest bid was from Bengaluru-based Raasi Green Earth Energy at Rs 3.47 per unit. On Thursday, other companies which had bid at higher tariffs accepted to set up projects at Rs 3.47 per unit.

"Many companies had bid between Rs 3.47 and Rs 3.97 per unit. We asked other solar power companies to match the lowest tariff and on Thursday 15 companies, apart from Raasi Green, accepted the request," said a senior Tangedco official.

NLC alone had bid for the entire capacity for the year 2017-18 at Rs 3.97 per unit. "But on June 30 itself, after the price bids were opened, NLC offered to carry out the project at Raasi's rate. Other companies also came around later. We have given clearance for 1,500MW to 16 companies," said the official.

As per the final list made available to TOI, NLC has got 700MW. "Five companies have been allocated 100MW each and the remaining capacity has been given to other companies. M/s Sunlight and M/s Dev International were allotted 1MW each. M/s Dynamize Solar was allotted 5MW," said the official.

Tamil Nadu has so far commissioned 1,600MW of solar power projects. About 800MW is being evacuated during peak time, the official said.

"Since there are many tariffs for solar power producers, we evacuate cheap power first, and go on to buy power from costlier sources only when the demand is high," the official said.

Are India's Thermal Power Plants Running Out Of Steam?

Business World: July 10, 2017

During the past few years, new coal based capacities were announced, to feed the country's power deficit and the growing economic activity, which today, sadly, has run out of steam.

The grand blueprint prepared by Indian government to make the country power surplus, did not go down well for the coal based power generators in the nation.

During the past few years, new coal based capacities were announced, to feed the country's power deficit and the growing economic activity, which today, sadly, has run out of steam.

India's coal-fired power sector continues to suffer multi-faceted challenges posed. It's a situation for a complete misery for these plants running on historic low Plant load Factor (PLF), eroding the 'balance' of these balance sheets amongst the pool of bad planning, unexpected regulations, lack of PPAs, slowdown in the economy and a very notable factor of cheap renewables.

Unrealistic demand equals over-capacity

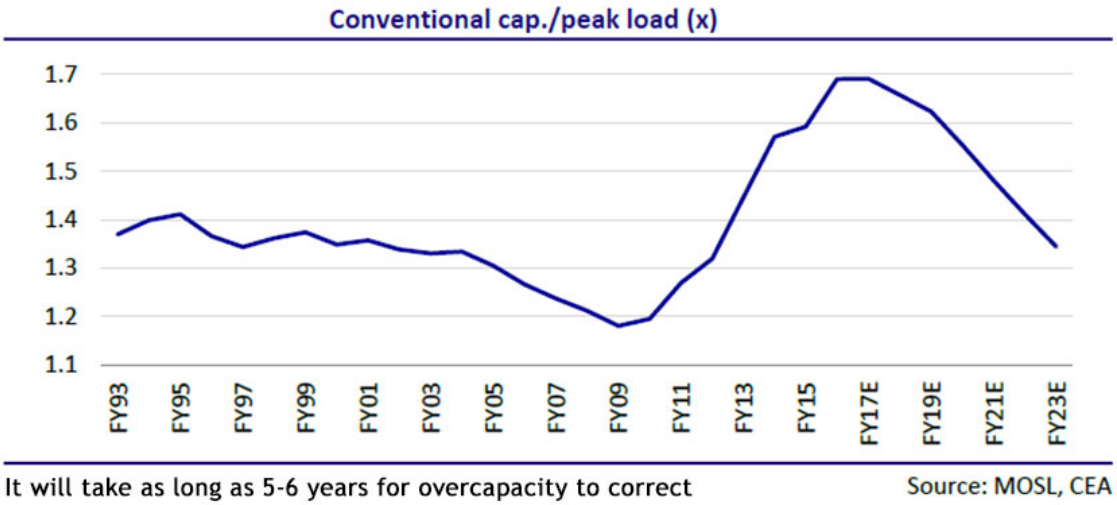
There is no doubt that coal is and will be the mainstay of the power sector, but every additional penny spent on new capacity, needs to be in sync with the demand. Over the past five years, the Indian power sector witnessed rapid additions in anticipation of unrealistic demand. Capacity grew at a CAGR of 11 per cent over FY11-16, while peak load grew at a CAGR of only 4.6 per cent over the same period. These companies are now in muddle to sell their power, as the economy faces its low.

"Currently there is a supply glut. If you see the all India PLF, it was 62 per cent last year. This year it has come down to 59 per cent, which includes NTPC and all the private generation companies. While India is growing at 7 per cent say, the overall demand in the economy is not sufficient; hence the PLFs are going down", mentions Sudhir Kumar, Senior Analyst, Care Ratings.

He also point out that the design of the private GENCOs is at 85 per cent PLF. In such a situation, where the funding of the plants is done at this figure, how are the companies supposed to recover their cost at 60-59 per cent PLF? The low figurers are anticipated to remain the same for the next few years and unlikely to see improvement, thanks to the over-capacity.

To add to their misery, comes the cost overrun (the overall project cost) which has increased the fixed cost for these companies. The project cost could spike due to varied reasons like land permissions or compensation, labour, change in the scope of work. The interest obligation would starts to pile up. There could be varied number of reasons when one is planning a 5000 crore project!

This further adds on the problem of the Non-Performing Assets (NPAs) that the RBI is scratching its head with. The economic survey mentioned how the revenue of these companies is lower than that required to service their debt. The cash flow for most private power generation companies fall far short of what is needed to service their interest obligations; put another way, more than 60 percent of the debt owed by the private power producers is with IC1 companies (interest coverage ratio less than 1). To cover these costs, these companies need to sell all the power they are capable of producing at high tariff rates. But the opposite is happening.



In some of the most recent examples, last month, Essar power had put its 2 GW Gujarat power plant in for a debt recast plan, citing un-viability of its import coal-fired power plants. Likewise, 2.3 GW of coal fired plants in Odisha, planned by BGR Energy systems and Kalinga Energy & Power were cancelled.

Squeezing margins of merchant trade

Even if the demand is low, you might not all be in shambles, if you have a 25 years security of Purchasing Power Agreement (PPA). For instance, Rattan India's Amravati power plant has secured a long term PPA with the Maharashtra government and the bad conditions of the economy, doesn't bother them, as they have a fixed source of supply. This is in contrast

to the companies like JSW, JSPL who are unable to sell the power due to their lack for the same.

If not PPAs, then the companies are able to make hay by supplying power in the merchant market at particular tariffs. The highly attractive merchant market during 2007-2009, again took these companies on an over enthusiasm trip, where huge investments were rolled out by the private developers. Many did not care to even secure PPAs. Almost everyone kept some spare capacity for the merchant market, says Sanjay Jain, Senior VP, Research, Motilal Oswal Securities.

Today, the merchant market is at its all-time low. The merchant tariffs for electricity purchased in the spot market have slid to around Rs 2.5/kwh, far below the breakeven rate of Rs 4/kwh needed for most plants, let alone the Rs 8/kwh needed in some cases, elaborated Sudhir. An analyst of a domestic brokerage firm stated that with this level of merchant prices, it is extremely difficult to cover even the coal costs.

Even if the merchant market picks up, it is a highly variable source to depend on. The power supply needs more long term planning for survival. It's therefore a multi-faceted problem. Even the security of long term PPAs is under threat, as one, the tariff rates slid down lower than their cost and second, the share of electricity purchased under PPAs is falling, as State Electricity Boards increasingly rely on the cheap and abundant power available in the spot market. Reliance Power has been pleading for higher tariffs for power generated from its Sasan project. To top all that, the states are in no position to sign new PPAs, due to their own financial stress and of course the demand factor.

In an evidence of the rate of change across India, the states themselves have been on a bid cancellation spree, as the news flouted of UP and Gujarat cancelling bid for 3.8 GW and 4 GW of coal fired power due to power surplus.

"Though UDAY has done its work by taking away the stress of the Discoms to increase their power buying capabilities, it is yet to foresee some on ground work", says Sudhir, who anticipates the demand for PPAs to rise as the finances of the Discoms improve.

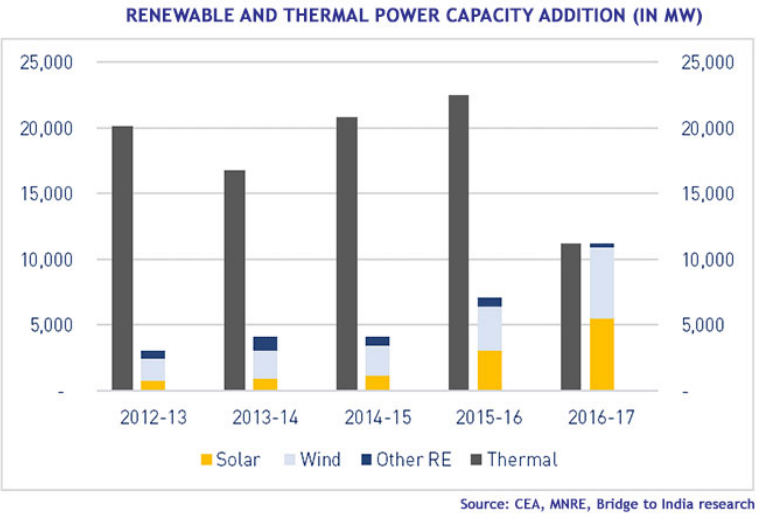
Coal Factor

Another issue arises in this situation is the condition set up by the government to have coal supply only to the companies with PPAs signed. The ones which have been selling power in the merchant market, apply for coal via e-auctions which is a costlier coal. The logic is that if you have a long term security, you would be supplied cheaper coal i.e. the linkage coal from Coal India limited. Therefore, there comes a difference in costs for both the situations, which puts these companies under worry.

Apart from demand, majority of the India's ultra-thermal plants are designed to run on imported coal with an estimated capacity of 30,000 MW. The ugly battle between the Supreme Court and the country's biggest UMPP (Ultra mega power plants) - Tata and Adani, presses on the fact that the profitability of a sound running unit could be challenged overnight with spike in the international coal prices. Adani Power discontinued 1,250 MW of power supply from Mundra plant due to unviability of running these units on imported coal.

"These plants will curtail production rather than lose money with every unit of production. It is a likely conclusion that a $1-2 billion write down of Adani Power's $5 billion plant is on the cards. As it stands, this plant is a clear stranded asset," said Tim Buckley, Director of Energy Finance Studies Australasia with the Institute for Energy Economics and Financial Analysis (IEEFA), last month.

Is Renewable a threat?



If all the above factors were not enough, renewables have jumped on to add to the woes. Record low tariffs and 'must run' status of solar plants are likely to hurt sentiment for thermal power sector. Though thermal remains the anchor for India's power supply, with almost 60 per cent share in the total generation, renewable achieved a milestone this year by coming at par in terms of capacity addition. According to the Ministry of New and Renewable Energy (MNRE), India's total renewable capacity including solar, wind, bio-mass and small hydro grew by around 11.2 GW in FY 2016-17, at par with thermal capacity addition, which registered a decline of 50 per cent in the year.

"We are witnessing a significant boost from the public investment front which will further dilute the position of conventional power producers, including improved policy environment like renewable power obligation, imposition of carbon tax etc.", says Abhay Bhargava, Associate Director, Energy and Enviornment, Frost & Sullivan.

Having said that, there is another angle to it. Though there is a stiff competition from renewables, the conventional power comes with an advantage of base load. The country needs to have an optimum mix of base load and peaking load power to handle the 24 7 power supply. The peaking demand is met by renewable, but it comes with the disadvantage of 247 power and lack of storage, which makes conventional the only whole sole for meeting the base load demand.

The next five years would be crucial for the thermal giants. The experts view that the demand pick up in the coming years would help these companies come back on track. But the incremental capacities are unlikely to come, until and unless the companies have capacity utilisation of the existing plants.

CEA prepares power distribution perspective plan to help stressed discoms

Business Standard: July 13, 2017

Draft to consider infrastructure, investment requirements of power distributing firms

A new 'Long Term Distribution Perspective Plan' is being drafted by the ministry of power to collate details of all the power distribution companies across the country. Being prepared by the Central Electricity Authority (CEA), this the first ever draft proposal aimed at envisaging the infrastructure and investments required by the various discoms across the country on an annual basis, till 2021-22.

CEA has been deliberating upon a long-term perspective plan for the generation and transmission of power supply in the country and its plan on the issue is already out. The report on the distribution sector would be finalised within 3-4 months, said power ministry officials. Also, this would complement the efforts made by the states in favour of a restructuring program for discoms under the Ujwal Discoms Assurance Yojana (UDAY).

Earlier reports on generation and transmission created a stir in the power sector after theCEA estimated an 'end of road' for the thermal power industry in India in the coming decade. The CEA also said that the last mile infrastructure needs to grow in the states for robustpower supply. The upcoming report would take the reforms forward to the last link of consumers, added the officials.

“The Centre has taken up this exercise to attack supply side constraints of the power sector to enable India access 24X7 power supply, especially all in its rural pockets,” Vishal Kapoor, director, the ministry of power at a conference on power transmission and distribution held by PHD Chamber of Commerce.

He added that the sole objective of the measure is to make sure that India and its rural areas are fed with uninterrupted power supply. “The focus is to not only satisfy the power consumers with quality power, but it is also aimed at bringing the discoms out of the severe crisis they are facing in terms of financial health,” he said.

This would involve intense interactions of the central government with all states, union territories and other stakeholders on the issue of transformers and sub-stations, among others while keeping in mind the existing technologies.

Talking of distribution reforms, power ministry officials said the condition and health ofpower distribution utilities have begun to improve significantly since its take off a year ago. “Even the plant load factor of state-owned power generating utilities underwent a sea change with their improved efficiencies as a result of which the power tariff per unit came down by 40 paisa,” said the official.

When power gets a shot in the arm

After generation & transmission, first-ever long-term distribution perspective plan drafted by the Central Electricity Authority

- Report to collate the infrastructure and the investment required — both discom-wise and year-wise, till 2021-22
- Report to be out in the next four months
- To complement the efforts being made by the states under Ujwal Discom Assurance Yojana

Coal to account for over two-third of commercial energy output in 2022

Business Standard: July 12, 2017

Coal is the mainstay of India's energy production with 75% electricity produced from coal in 2014

Prospects for coal-generated electricity are receding globally, yet India remains one of the last countries to use the oldest and dirtiest energy source, although construction of new coal-fired power plants is faltering.

Coal is the mainstay of India’s energy production with75 per cent electricity produced from coal in 2014. Despite India’s commitments to limit emissions and use renewables

increasingly for electricity production, coal's share in India's commercial energy production is projected to remain over 66 per cent in 2021-22 as it has been since 2000.

Power discoms to save Rs 20,000 crore a year by using MERIT app, says Goyal

Business Standard: July 5, 2017

MERIT portal displays information regarding the merit order of electricity procured by states

Indian electricity distribution companies (discoms) struggling with huge debts can together expect to save up to Rs 20,000 crore per annum with better scheduling of power, thanks to an app developed by the government that provides information on sourcing cheaper electricity, Power Minister Piyush Goyal said on Wednesday.

"With 1,20,000 crore units of electricity being consumed in the country now, which will go up to 2 lakh crore units in five years, this app, at a conservative estimate, can help save 10 paise per unit...which makes for a straight saving of Rs 20,000 crore a year for distribution companies," Goyal said here launching the 'MERIT' (Merit Order Dispatch of Electricity for Rejuvenation of Income and Transparency) app and portal for flexibility in coal supply for private power producers.

These have been developed by the power ministry in association with POSOCO and Central Electricity Authority.

The MERIT portal displays information regarding the merit order of electricity procured by states, such as daily state-wise marginal variable costs of all generators, daily source-wise power purchases with source-wise fixed and variable costs, energy volumes and purchase prices.

It also gives information regarding reasons for deviation from merit order, which will help state discoms to optimise their power procurement in more efficient way, leading to lower cost of power to consumers.

As a necessary complement to the apps functioning, the ministry has recently has lowered the technical minimum for coal-fired thermal power plants from 70 per cent to 55 per cent, Goyal said. This measure would support the renewable energy sector by allowing more clean energy to come into the grid.

Despite policy support, green energy still faces regulatory issues: Icra

Business Standard: July 11, 2017

Falling costs improve demand, but they affect cost competitiveness of pre-existing projects

Even as policy support and improving cost competitiveness provide strong outlooks forrenewable energy in India, the sector continues to face regulatory challenges and viability concerns over falling tariffs, rating agency Icra said in a report on Tuesday.

"The long-term demand outlook for renewable energy(RE) is strongly aided by favourable policy support from the Government of India and the state governments of key states; as well as an improving tariff competitiveness of wind and solar power," the report said.

"On the flip side, the sector continues to face regulatory challenges related to renewable power obligations (RPO) norms and its compliance, continuing delays in payments from distribution utilities and risk of forced back down by the utilities in a few states," the report said. The report pointed out that delays in payments from state utilities remained significantly high, especially towards independent power producers (IPPs) from wind as seen in the case of Rajasthan, Tamil Nadu and Maharashtra. However, the report added, there has been an improvement in payments in the last six months.

The report also raised concerns over the long-term viability of certain RE projects in the current scenario of falling tariff rates. "While falling tariffs improve demand outlook, they also affect the cost competitiveness of pre-existing RE projects as well as the project economics of new projects. The viability for the winning bidders from the credit perspective would depend upon [the] availability of long tenure debt at [a] cost competitive rates, plant load factor (PLF) levels and their ability to meet the budgeted costs," informed the report. Icra officials, in a media call to discuss the report, added, "At a tariff of Rs 2.44 project returns will be in single digit. We have already started seeing a slow pace of bidding."

Sabyasachi Majumdar, senior vice-president & group head, Icra also pointed out this fall intariffs is also impacting existing RE projects."The RE projects in few states are facing issues with tariff renegotiation requests by utilities in view of the falling wind and solar tariffs under competitive bidding. However, such renegotiation is unlikely given that there has been a precedence of [the] regulatory ruling in favour of the developers in such cases," Majumdar said.

Discoms to pay compensation for delay in restoration of power

The Economic Times: July 8, 2017

Come September, Delhiites will be paid up to Rs 200 for delay in restoration of power with the city's power regulator finalising the supply code and performance standards.

Come September, Delhiites will be paid up to Rs 200 for delay in restoration of power with the city’s power regulator finalising the supply code and performance standards.

The Delhi Electricity Regulatory Commission (DERC) has finalised the Supply Code and Performance Standards Regulations, 2017. The regulations will come into effect from September 1 this year, said a DERC official.

According to the regulations, a compensation of Rs 10 per KW per hour for consumers having load upto 20 KW will be payable in case of delay in restoration of power, the official said.

The consumers, above 20 KW load, will have to file their compensation claims before the DERC, say the regulations.

The compensation will be tied to the performance standard of effort to restore the power supply. The standard for restoration of power supply will be 10 per cent (within 2 hours), more than 10 per cent and less than 20 per cent (within 3 hours) and more than 20 per cent (within 6 hours).

After the lapse of these given restoration standards, the compensation will be payable to the consumers.

A draft order for the procedure for implementation of these regulations has been issued and uploaded on the Commission’s website inviting comments and suggestions from stakeholders.

In case of power theft, the regulations make it mandatory for the distribution companies to provide a copy of the videography of the entire proceedings to the consumer along with a notice.

Reduction in number of days from 15 to seven in case of new connections, where no right of way permission is required, and mandatory online application for new connection for 50 KVA load, are other features of the regulations.

97 per cent debt of state discoms covered under UDAY: Power ministry

The New Indian Express: July 7, 2017

An estimated 97 per cent of the total outstanding debt of all state power distribution companies (discoms) has been covered under the UDAY scheme and 86 per cent of the debt of states has been restructured so far, according to the power ministry.

The total debt of all state-owned discoms was Rs 3.95 lakh crore as on September 9, 2015. The 26 states and one Union territory, which have joined the UDAY scheme account for a total outstanding debt of Rs 3.82 lakh crore, according to the power ministry.
Under the scheme, total liability opted for restructuring by the 15 states through issuance of bonds was Rs 2.69 lakh crore.

Till date, states have already issued bonds for Rs 2.09 lakh crore and discoms have issued bonds of Rs 0.23 lakh crore value. Bonds worth Rs 0.37 lakh crore are yet to be issued by various discoms. Hence, 86 per cent of the debt of states has been restructured so far under UDAY, said the power ministry.

Further, various measures were taken by the ministry to reduce the national average (all UDAY states) of Aggregate Technical and Commercial (AT&C) loss and the losses have come down to 20.2 per cent in financial year 2017, according to the ministry.

In curbing the AT&C losses, the latest electricity generation figures by the Central Electricity Authority reflect a healthy increase of 7.06 per cent for April-May 2017.

Under UDAY, continuous focus has been given on billing and collection efficiency of discoms. At all-India level, billing efficiency has increased by two per cent from 81 per cent in FY16 to 83 per cent in FY17.

Save Energy, Save Money, Save the Planet